

16-6a-1414. Grounds for judicial dissolution.

(1) A nonprofit corporation may be dissolved in a proceeding by the attorney general or the division director if it is established that:

- (a) the nonprofit corporation obtained its articles of incorporation through fraud; or
- (b) the nonprofit corporation has continued to exceed or abuse the authority conferred upon it by law.

(2) A nonprofit corporation may be dissolved in a proceeding by a member or director if it is established that:

- (a) (i) the directors are deadlocked in the management of the corporate affairs; (ii) the members, if any, are unable to break the deadlock; and (iii) irreparable injury to the nonprofit corporation is threatened or being suffered;
- (b) the directors or those in control of the nonprofit corporation have acted, are acting, or will act in a manner that is illegal, oppressive, or fraudulent;
- (c) the members are deadlocked in voting power and have failed, for a period that includes at least two consecutive annual meeting dates, to elect successors to directors whose terms have expired or would have expired upon the election of their successors; or
- (d) the corporate assets are being misapplied or wasted.

(3) A nonprofit corporation may be dissolved in a proceeding by a creditor if it is established that:

- (a) (i) the creditor's claim has been reduced to judgment; (ii) the execution on the judgment has been returned unsatisfied; and (iii) the nonprofit corporation is insolvent; or
- (b) (i) the nonprofit corporation is insolvent; and (ii) the nonprofit corporation has admitted in writing that the creditor's claim is due and owing.

(4) (a) If a nonprofit corporation has been dissolved by voluntary or administrative action taken under this part:

(i) the nonprofit corporation may bring a proceeding to wind up and liquidate its business and affairs under judicial supervision in accordance with Section 16-6a-1405; and

(ii) the attorney general, a director, a member, or a creditor may bring a proceeding to wind up and liquidate the affairs of the nonprofit corporation under judicial supervision in accordance with Section 16-6a-1405, upon establishing the grounds set forth in Subsections (1) through (3).

(b) As used in Sections 16-6a-1415 through 16-6a-1417:

(i) a "judicial proceeding to dissolve the nonprofit corporation" includes a proceeding brought under this Subsection (4); and

(ii) a "decree of dissolution" includes an order of a court entered in a proceeding under this Subsection (4) that directs that the affairs of a nonprofit corporation shall be wound up and liquidated under judicial supervision.

Enacted by Chapter 300, 2000 General Session